Agenda

» Background & What We Heard
» Survey
» Benefits for BHPH Dealers
» Credit Process-Governing Bodies
» Data Furnishing Process Overview
» Support & Resources Available
» Questions
Background
2015 BHPH Survey Key Findings

What is the status of credit in the BHPH industry?

Summary Findings

- Majority of respondents pull credit reports
  - Volume of credit pulls across the three bureaus is relatively equal
  - Interestingly, not requiring credit data was the primary reason behind not pulling credit reports

- Overall, respondents have proficiency, if not high ability using credit reports to make applicant credit decision
  - Yet, 21% of owners indicate a beginner level understanding

- Majority of respondents report credit histories to bureaus
  - 64% Report

Among measured market, majority of respondents pull credit reports and report credit histories
Why Report?

✓ Compelling value proposition for your customers to help them build their credit
✓ Provides incentive for consumers to pay their payments on time
✓ Mitigates consumer fraud and strategic repossession
✓ Enables accurate risk assessment
✓ Heightened regulatory scrutiny
✓ Stay competitive
THE CREDIT PROCESS
Governing Rules and Regulations
Primary Governing Bodies

**Consumer Financial Protection Bureau**
- Current primary regulator of CRAs and Creditors
- Focuses: data quality, deceptive practices, discrimination, outdated regulations, enforcement of consumer protection laws

**Federal Trade Commission**
- Former primary regulator of CRAs – most authority transferred to CFPB in mid-2010 under the Dodd-Frank Wall Street Reform and Consumer Protection Act

**Consumer Data Industry Association**
- Trade Association representing CRAs to federal and state legislators and media
- Sets industry reporting guidelines, and educates members
Primary Governing Regulations

- Fair Credit Reporting Act (FCRA)
- Fair and Accurate Credit Transactions Act (FACTA)
- Gramm-Leach-Bliley Act (GLB)
- Equal Credit Opportunity Act (ECOA)
- Various state legislation
FCRA Guidelines for Policies and Procedures

» You must establish and implement written policies and procedures regarding the accuracy and integrity of information you furnish to a CRA.

» FCRA Guidelines are in Appendix A to Furnisher Rule Part 660.

Sample from Appendix

Your policies and procedures:

» Must be appropriate to the nature, size, complexity, and scope of your activities;

» Must be reviewed periodically and updated, as necessary;

» Should ensure that information provided to a CRA is for the right person, and reflects the terms of the account and the consumer’s performance on the account;
FCRA Guidelines for Policies and Procedures (Con’t)

› Require maintenance of records for a reasonable amount of time;

› Establish internal controls for the accuracy and integrity of information, such as through random sampling;

› Prevent re-aging (inaccurately changing the date of first delinquency on a consumer’s account to a later date) and duplicative reporting, particularly following portfolio acquisitions or sales, mergers, and other transfers; and

› Require updating of furnished information where necessary.
DATA FURNISHING PROCESS
Process Overview

Before

Now
Reporting Requirements

All new Equifax data furnishers are required to comply with certain basic requirements:

- Volume requirement is 500 active records per month or member of NABD or NIADA

- Data furnisher must be a credentialed Equifax data furnisher whose account is in good standing

- Submissions must be formatted in accordance with current Metro 2® standards

- Entire portfolio (all rates and conditions) must be reported on a monthly basis
Reporting Requirements (Con’t)

- All files must be sent electronically via ePort, or through direct connection

- Out-of-cycle updates, as well as consumer dispute verifications, must be handled using the industry-mandated e-OSCAR (www.e-OSCAR-web.net) system
Metro 2® Format Benefits

► Report to all three major nationwide consumer reporting agencies with consistent, complete, and timely credit information

► Meets all requirements of the Fair Credit Billing Act (FCBA), the Fair Credit Reporting Act (FCRA), the Equal Credit Opportunity Act (ECOA), and all applicable state laws
Metro 2® Format Benefits (Con’t)

› Allows credit information to be added and mapped to the consumer’s file with greater consistency

› Accommodates cycle reporting of data, which allows timelier updating of the credit file

› The Payment History Profile (up to 24 months) makes it possible for the credit grantor to supply automated updates/corrections for the file rather than costly manual updates/corrections and reduces consumer disputes
About e-OSCAR

Web-based, Metro 2 compliant, automated system that enables Data Furnishers and Credit Reporting Agencies to create and respond to consumer credit history disputes

- Enables “out-of-cycle” credit history updates to CRAs

- Disputes initiated by a CRA on behalf of a consumer are routed to the appropriate Data Furnisher and returned to the initiating CRA with updated information (if any)

- If an account is modified or deleted, carbon copies are sent to each CRA where there is a reporting relationship
About e-OSCAR

» E-OSCAR may not be used to add or create a record on a consumer’s file or as substitute for “in-cycle” reporting to the CRAs

» Additional information about e-OSCAR (registration, billing, training, etc.) is available from the e-OSCAR home page www.e-OSCAR.org. Registered users login at www.e-OSCAR-web.net.
Automated Data View™ (ADV)

Online customer service tool that allows data furnishers to quickly view their consumer collections and trade line information in real-time

› Used for auditing and verification purposes

› Ongoing monitoring of data
Consumer Data Industry Association

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www.cdiaonline.org
Voluntary vs Involuntary Repossession

Excerpt from Credit Reporting Resource Guide® Frequently Asked Questions & Answers: #62;

**Question:** How should an account be reported when merchandise has been repossessed or the consumer has voluntarily surrendered the merchandise?

**Repossession** – Account Status Code 96 should be reported, which specifies “Merchandise was repossessed; there may be a balance due”.

**Voluntary Surrender** – Account Status Code 95 should be reported, which specifies “Voluntary Surrender; there may be a balance due”.

Depending on whether or not the consumer is held responsible for the remaining balance on the account will impact how each repossession or voluntary surrender is reported;

For more details please refer to the Metro 2® reporting guidelines or your Data Operations Analyst.

“Do you think that will fool the repo man?”
Becoming a Data Furnisher Checklist

STOP BY THE Equifax BOOTH and ask for Madison

☑ Establish data furnishing membership with Equifax and obtain Reporting Member Number

☑ Purchase Metro 2® credit reporting software (if necessary)

☑ Contact eData Support Team and register for ePort

☑ Download a copy of the Credit Reporting Resource Guide from the CDIA Website
Becoming a Data Furnisher Checklist

✓ Create a test file comprised of records from a production environment and submit test file for review / validation

✓ Review test results provided by your Data Analyst

✓ Submit a corrected test file (if necessary)

✓ Sign-off – provide Data Analyst with written approval to begin recurring production processing

✓ Register with e-OSCAR after receiving confirmation of initial production load
Customer Monthly Checklist
(aka How to Stay a Data Furnisher)

☑ Submit a production-ready file each month (furnishers who report on a cycle basis may report more frequently)

☑ Respond to Automated Consumer Dispute Verification (ACD) requests via e-Oscar

☑ Monitor your data to confirm accurate transmission through Automated Data View (ADV)
What to expect when you have a Dispute

The CFPB expects each furnisher to comply with the FCRA by:

- Maintaining a system reasonably capable of receiving from CRAs information regarding disputes, including supporting documentation
- Conducting an investigation
- Reporting the results to the CRA that sent the dispute
- Providing corrected information to every nationwide CRA that received the information
- Modifying or deleting the disputed information
Best Practices from the Pilot

- Designate a point person, and become good friends with your data analyst

- When you receive an online application, it is supposed to be submitted ONLINE! (Hint: Common Theme)

- Participate in the training programs offered by the Consumer Data Industry Association (“CDIA”)

- Familiarize yourself with the Credit Reporting Resource Guide, and adhere to the standards and best practices described
Best Practices from the Pilot

- Ensure that you and your staff only refer to the most current version of the Credit Reporting Resource Guide. Revisions are published annually, usually around the 3rd or 4th Quarter.

- Participate in a Metro 2® Workshop.

- Periodically audit prior reports and corrections using Automated Data View™.

- Notify your Data Analyst in advance of account number, software, or format/layout changes.